



Investment Incentives in Taiwan

Department of Investment Services, MOEA
July 2021

Outline

1. Central Government Incentives

2. Incentives of Six Municipalities



Central Government Incentives (1/6)

Tax Benefits

Special Zone Benefits

1

Companies that set up operations in export processing zones, science industrial parks, or free trade ports are eligible for exemptions from import duties for the import of machinery and equipment, raw materials, fuel, supplies, and semi-finished goods for their own use; for companies that export goods or services, the business tax rate is zero.

[Statute for the Establishment and Administration of Export Processing Zone](#) (Article 13)

[Act for Establishment and Administration of Science Parks](#) (Article 23)



[Act for the Establishment and Management of Free Trade Zones](#) (Articles 21 & 28)

[Value-Added and Non-Value-Added Business Tax Act](#) (Article 7)

R&D Tax Credits

2

When a company or limited partnership that has not committed a serious violation of environmental protection, labor, or food safety legislation in the past three years invests in a domestic enterprise, the investee enterprise may receive the following R&D tax credits:

(1) Up to 15 percent of R&D expenses may be credited against the profit-seeking enterprise income tax payable by it in the then-current year.

(2) Up to 10 percent of R&D expenses may be credited against the profit-seeking enterprise income tax payable by it in each of the three years starting from the then-current year.

(Tax credits in effect until 31 Dec. 2029)



[Statute for Industrial Innovation](#) (Article 10)

Central Government Incentives (2/6)

Tax Benefits

Investment of Undistributed Earnings

3

Undistributed earnings that are invested may be treated as a reduction in undistributed earnings and be exempted from profit-seeking enterprise income tax.



[Statute for Industrial Innovation](#) (Article 23-3)

Investments in Smart Machinery & 5G Equipment

4

When a company or limited partnership that has not committed a serious violation of environmental protection, labor, or food safety legislation in the past three years invests in a domestic enterprise, if the amount invested in the current year totals NT\$1 million (approximately US\$32,300) or more, the first NT\$100,000 (approximately US\$3,200) may be credited against either 5% of the profit-seeking enterprise income tax payable in the then-current year, or 3% of the aggregate profit-seeking enterprise income tax payable by it in the three years starting from the then-current year.

(Tax credits for investments in smart machinery are in effect through 31 Dec. 2021)

(Tax credits for investments in 5G equipment are in effect through 31 Dec. 2022)



[Statute for Industrial Innovation](#) (Article 10-1)

Central Government Incentives (3/6)

Tax Benefits

Tariff Exemptions

5

Companies are entitled to zero import duties when importing equipment that is not produced in Taiwan.



[Customs Import Tariff](#) <Additional Note 13 to Chapter 84, Additional Note 7 to Chapter 85, Additional Note 3 to Chapter 90>
[Application Website](#)

Inward Technology Transfers

6

Royalty payments to foreign companies for the import of new production technologies or products that use patents, copyrights, or other special rights owned by foreign companies are, with the approval of the Industrial Development Bureau, MOEA, exempt from corporate income tax.



[Income Tax Act](#) (Article 4)

Central Government Incentives (4/6)

R&D Subsidies

Global R&D Innovation Partner Program

1

To encourage foreign companies that offer the benefits of complementarity with Taiwanese industries to engage in R&D and innovation in Taiwan, foreign companies that have been approved by the MOEA can receive subsidies equal to as much as 50% of total R&D expenditures.



[Website](#)

Taiwan Industry Innovation Platform Program

2

Up to 40%-50% of investment outlays are subsidized via one of the four projects/programs (Industry High Value Program; Innovation Optimization Program; Incubation Project for Emerging Industries; Project for Theme-based Research and Development) set up under the Taiwan Industry Innovation Platform Program.



[Website](#)

Central Government Incentives (5/6)

Financing Incentives

Low-Interest Loans for Upgrading of Machinery and Equipment

Low-interest loans may cover up to 80% of the purchase cost of automated machinery or equipment, pollution prevention and control equipment, and energy-efficient equipment. A single applicant may apply for up to a combined NT\$400 million in low-interest loans unless the loan proceeds are used to finance the purchase of pollution prevention and control equipment, in which case the maximum amount is NT\$1 billion.

(Tax credits in effect until 30 May 2022)



Website



Central Government Incentives (6/6)

Incentives to Attract Foreign Professionals

Taiwan Employment Gold Card

1

Specific foreign professionals who intend to engage in professional work in Taiwan may apply to the Immigration Department of the Ministry of the Interior for the issuance of a four-in-one Employment Gold Card that includes a work permit, residence visa, alien residence permit, and re-entry permit. The valid period is 1 to 3 years.



[Act for the Recruitment and Employment of Foreign Professionals](#) (Article 8)

Tax Benefits

2

For a foreign special professional who has been approved to reside in Taiwan for the first time or has obtained an Employment Gold Card, within 3 years from the tax year in which the person for the first time meets the requirement to reside in Taiwan for a full 183 days and to have salary income of more than NT\$3 million, the part of that person's salary income above NT\$3 million in each tax year in which the person resides in Taiwan for 183 days shall be halved in the computation of total income for the assessment of individual income tax liability in that year.



[Act for the Recruitment and Employment of Foreign Professionals](#) (Article 9)

Permanent Residence of Spouse & Children

3

Foreign professionals who have obtained permanent residence, their spouses, minor children, and adult children with disabilities who cannot take care of themselves may apply to the Immigration Department of the Ministry of the Interior for permanent residence after 5 consecutive years of legally continuous residence (over 183 days per year).



[Act for the Recruitment and Employment of Foreign Professionals](#) (Article 16)

Incentives of Taipei City

In order to promote innovation and entrepreneurship and attract investment, and create a high-quality entrepreneurial ecosystem, the Taipei City Government formulated the "Taipei Municipal Self-Government Ordinance for Industrial Development" to provide innovation subsidies that support such activities as entrepreneurship, R&D, branding, innovation, and startup incubation, and also to provide investment subsidies to cover such costs as rent, salary, interest, and vocational training.

Subsidies

1

Startup Subsidies: Up to a maximum of 50% and NT\$1 million

2

R&D Subsidies: Up to a maximum of 50% and NT\$5 million

3

Brand Subsidies: Up to a maximum of 50% and NT\$5 million

4

Angel Subsidies: Up to a maximum of 50% and NT\$3 million

Incentives

1

Employee Training: Up to a maximum of NT\$1 million

2

Employee Salaries: Up to a maximum of NT\$5 million

3

House Taxes and Land Value Taxes: Up to a maximum of NT\$50 million

4

Real Estate Rental Fees: Up to a maximum of NT\$5 million

5

Financing Interest: Up to a maximum of NT\$50 million

6

Reduction/Exemption of Real Estate Rental Fees: 50% reduction for 2 to 5 years



Please see

[Subsidies & Incentives for Taipei Industry](#)



Photo Credit: Taipei City Government

Incentives of Taoyuan City(1/2)

Eligibility criteria

For an entity that has established a company, juristic person, or enterprise operational headquarters in Taoyuan City, if **the original investment for its establishment comes to NT\$50 million or more**, or if **an additional NT\$30 million is spent to expand an existing investment**, the benefits described in the table below may be provided.

Industries promoted by incentives include: **aviation; international trade and logistics; cultural and creative industries; cloud computing; circular economy; biomedical; conference and exhibitions; and leisure.**



Photo Credit: Taoyuan International Airport



Photo Credit: Taiwan High Speed Rail

Incentives of Taoyuan City(2/2)

Items	Subsidy amount	Period
House Taxes and Land Value Taxes	Up to NT\$ 1.2 million per year; NT\$ 1.8 million per year for corporate headquarters.	Up to 5 years
Real Estate Rental Fees	Up to NT\$ 400,000 per year; NT\$ 600,000 per year for corporate headquarters.	Up to 5 years
Financing Interest	Within 1.5% of the annual interest rate, the maximum subsidy is NT\$1.5 million per year.	Up to 5 years
Local Hiring	An entity that newly hires workers who are domiciled in Taoyuan City can apply for subsidies after two years of employment. The maximum amount of subsidies per project is NT\$ 5 million per year.	Up to 2 years
Employee Training Costs	Subsidies of up to 50% , and the cap on total subsidies is NT\$300,000 . Upon the recommendation of by a Taoyuan City employment services agency, if newly hired middle-aged and senior unemployed persons exceed 1% of the original number of employees, the cap on total subsidies will be increased to NT\$ 400,000 .	



Please see

[Taoyuan Municipal Self-Government Ordinance for Industrial Development](#)

Incentives of Hsinchu City

Eligibility criteria

1. The location of the company's operating headquarters has been changed to a Hsinchu City address, and in order to move the operating headquarters there the company has additionally invested at least NT\$50 million and hired 30 or more employees.
2. The company has been established in Hsinchu City, has obtained an "Enterprise Operational Headquarters Certificate of Authorized Business Scope" from the MOEA since the "Hsinchu City Government Encourage Enterprise Operation Headquarters Investment Implementation Measures" entered into force, and in order to establish in Hsinchu City the company has additionally invested at least NT\$30 million and hired 30 or more employees.

Subsidies

1

Employee Training: Subsidies of up to 50%, and the cap on total subsidies is NT\$400,000.

2

Real Estate Rental Fees: Subsidies may cover up to 50% of rental costs, up to a maximum total of NT\$400,000 for a period that shall not exceed five years.

3

Subsidies for House Taxes and Land Value Taxes: Subsidies may fully cover such taxes for the first 2 years and 50% of the tax payable for years 3 to 5, up to NT\$1 million per year.

Applicants must apply before 2022 June 30



Photo Credit: Hsinchu Science Park

Please see

[Hsinchu City Government Encourage Enterprise Operation Headquarters Investment Implementation Measures](#)



Incentives of Taichung City(1/2)

Eligibility criteria

A company to which any one of the following descriptions applies may apply for a subsidy or incentive as indicated below:

1. The "enterprise operational headquarters" for which the company has obtained an "Enterprise Operational Headquarters Certificate of Authorized Business Scope" from the MOEA has been moved to Taichung City.
2. The company is headquartered in Taichung City and has obtained an "Enterprise Operational Headquarters Certificate of Authorized Business Scope" from the MOEA.
3. The company has been newly established in Taichung City, has paid-in capital of NT\$50 million or more, and has hired 30 or more employees.



Photo Credit: Central Taiwan Science Park



Photo Credit: Taichung Mass Rapid Transit

Incentives of Taichung City(2/2)

Subsidies

1

Employee Salaries: The company may receive subsidies of NT\$5,000 per employee per month, up to a maximum total of NT\$1 million, for a period that shall not exceed two years.

2

Employee Training: The company may receive subsidies of up to 50% of employee training costs, up to a maximum total of NT\$800,000 for a period that shall not exceed five years.

3

Real Estate Rental Fees: Subsidies may cover up to 50% of rental costs, up to a maximum total of NT\$400,000 for a period that shall not exceed five years.

4

Subsidies for House Taxes and Land Value Taxes: Subsidies may fully cover such taxes for the first 2 years and 50% of the tax payable for years 3 to 5, up to NT\$1 million per year.



Please see

[Taichung City Government Ordinance on Subsidies and Incentives for Corporate Investments](#)

Incentives

1

If a company has established an enterprise operational headquarters in Taichung City, this fact may be treated as a basis for positive consideration when the company applies for subsidies under Taichung City's Local Small Business Innovation Research (SBIR) program.

2

Such a company may enjoy preferential consideration when seeking to rent or purchase land in an industrial park administered or being developed by the Taichung City Government Economic Development Bureau.

3

Workers whose operational headquarters are located in Taichung City can apply for workers' housing priority.

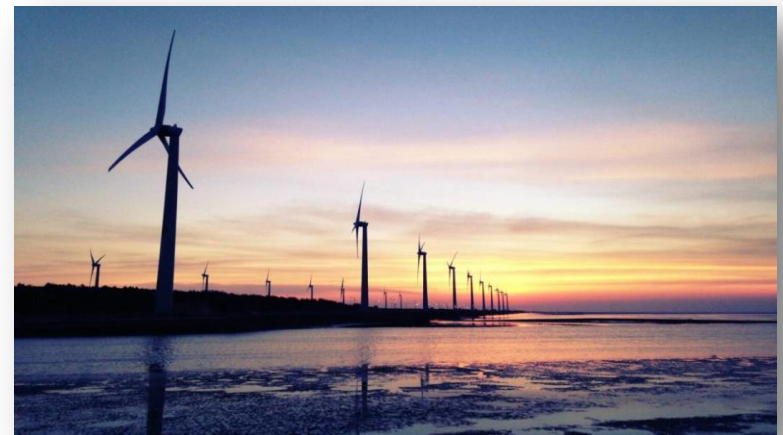


Photo Credit: Taichung City Government

Incentives of Tainan City(1/2)

Eligibility criteria

A company, legal person, small or medium-sized enterprise, or natural person that intends to **invest NT\$50 million or more to establish a new entity** in Tainan City, or intends to **invest NT\$30 million or more to expand an existing entity** in Tainan City, may draw up an investment proposal that qualifies the undertaking as a key project under Tainan City's industrial development strategy, apply to the authority for recognition as an investor, and apply for relevant subsidies.



Photo Credit: Tainan City Government



Photo Credit: Southern Taiwan Science Park

Incentives of Tainan City(2/2)

Subsidies

- 1

Real Estate Rental Fees: A subsidy can cover up to a maximum of 50% of the annual rental fee as set out in the rental contract, provided that the maximum subsidy amount for any single year shall be no greater NT\$600,000 and for five years in total shall be no greater than NT\$3 million.

Employee Training: For each newly hired employee domiciled in Tainan City, annual subsidies are available for up to a maximum of 50% of training expenses, provided that maximum total subsidies for any single year shall be no greater than NT\$100,000 and for five years in total shall be no greater than NT\$500,000.

Tax benefits

- 1

The annual **House Tax** and **Land Value Tax** are fully subsidized for the first two years, and 50% annually for the next three years. The annual subsidy amount shall not exceed NT\$1.2 million, and the total amount for five years shall not exceed NT\$6 million.

- 3

Local Small Business Innovation Research Program

 - The main purpose is to reduce the R&D risks of small and medium-sized enterprises and to encourage small and medium-sized enterprises to invest in innovative research and development. The annual application period is in principle to run from March to May, during which time briefings are held and applications are accepted.
 - Each company's subsidy ceiling can be up to NT\$1 million, and for joint research and development applications, the maximum subsidy can be NT\$2 million.
 - Website (<https://www.tainan-sbir.org.tw/>)



Please see



[Tainan Municipal Self-Government Ordinance for Promoting the Development of High-Tech and Innovative Enterprises](#)

Incentives of Kaohsiung City(1/2)

Eligibility criteria

1. For a company in a **strategic industry that spends NT\$30 million or more** in Kaohsiung City to expand an existing investment or that **increases the number of ROC citizens that it employs by 30 persons or more**, or for a company in a **key innovative industry that spends NT\$10 million or more** in Kaohsiung City to expand an existing investment or that **increases the number of ROC citizens that it employs by 10 persons or more**, the authority may provide incentives or subsidies if the company satisfies either of the following conditions:

(1) The company has completed incorporation registration in Kaohsiung City.

(2) The company is listed on the Taiwan Stock Exchange or the Taipei Exchange, and has obtained permission from the government to establish a branch or an R&D center in Kaohsiung City.

2. A company that moves an operating headquarters approved by the MOEA to Kaohsiung City is not subject to the aforementioned industry category and investment scale restrictions, and can also apply.



Photo Credit: Kaohsiung City Government



Photo Credit: Kaohsiung Software Park

Incentives of Kaohsiung City(2/2)

1 Financing Interest: A subsidy may cover annual interest up to a maximum rate of 1.5%. The maximum annual subsidy is NT\$1.5 million, and the limit is 5 years. For a company that belongs to a key industry or has moved an operating headquarters to Kaohsiung city, the maximum annual subsidy is NT\$6 million.

2 Real Estate Rental Fees: A subsidy may cover up to 50% of the annual rent. The maximum annual subsidy is NT\$400,000, and the limit is 5 years.

Please see



[Kaohsiung Municipal Self-Government Ordinance for Promotion of Industrial Development](#)

[Kaohsiung Municipal Self-Government Implementation Rules for Promotion of Industrial Development](#)



Photo Credit: Tourism Bureau, R.O.C.

3 House Taxes: A subsidy may cover up to 50% of taxes payable. The maximum annual subsidy is NT\$400,000 per year, with a limit of 5 years.

Wages of Newly Hired Laborers:

(1) A subsidy may cover the wages of 50 new hires (80% must be local). The amount is based on the average monthly salary of newly hired laborers and the Table of Salary Subsidy Brackets. The limit is 12 months. For a company that belongs to a key industry or has moved an operating headquarters to Kaohsiung, the maximum is 100 people (80% must be local).

(2) With newly hired high-level R&D personnel, a subsidy can cover the salaries of up to 100 people.

Table of Salary Subsidy Brackets

Average monthly salary	Percentage or amount of monthly subsidy per person
NT\$30,000-40,000	10%
NT\$40,001-50,000	15%
NT\$50,001-60,000	20%
NT\$60,001 and above	NT\$15,000
Note: Average monthly salary refers to the average monthly salary of newly hired workers during the first year of employment.	